

HCS SCS SB 675 -- SPECIAL FUNDS

SPONSOR: Gross (Cooper, 120)

COMMITTEE ACTION: Voted "do pass" by the Committee on Tax Policy by a vote of 15 to 3.

This substitute makes various changes to state law relating to special funds. The substitute:

(1) Transfers all interest accrued from July 1, 2001, to June 30, 2003, on the moneys in various state special funds outlined in the substitute to the General Revenue Fund;

(2) Transfers fixed dollar amounts in various state special funds from the accounts to the General Revenue Fund. These funds and the amounts transferred are: State Fair Fees Fund, \$6,000; Petroleum Inspection Fund, \$77,617; Department of Revenue Information Fund, \$250,000; Secretary of State's Technology Trust Fund, \$102,000; and Administrative Trust Fund, \$3,500,000;

(3) Creates the Highway Patrol Traffic Records Fund for deposit of funds received by the State Highway Patrol for copying documents and providing data processing services related to traffic accident reports;

(4) Transfers any outstanding balance in the School Building Revolving Fund upon the effective date of the substitute and any future deposits into the State Schools Moneys Fund;

(5) Requires transfers of certain funds held in escrow accounts by real estate brokers which are in dispute by the parties in a real estate transaction to the State Treasurer within 365 days of the date of the initial projected closing date. This provision will become effective January 1, 2004; and

(6) Transfers 55% of the balance of the Department of Insurance Dedicated Fund as of the effective date of the substitute to the General Revenue Fund.

The substitute contains an emergency clause.

FISCAL NOTE: Estimated Net Income to General Revenue Fund of Greater than \$7,725,236 in FY 2004, \$0 in FY 2005, and \$0 in FY 2006. Cost to Various State Funds of Greater than \$1,709,381 in FY 2004, \$0 in FY 2005, and \$0 in FY 2006. Estimated Net Cost to School Building Revolving Fund of \$7,868,759 in FY 2004, \$0 in FY 2005, and \$0 in FY 2006. Estimated Net Effect on State School Moneys Fund of \$0 in FY 2004, FY 2005, and FY 2006. Cost to Insurance Dedicated Fund of \$6,015,855 in FY 2004, \$0 in FY 2005,

and \$0 in FY 2006. Estimated Net Income to Highway Patrol Traffic Records Fund of Unknown in FY 2004, FY 2005, and FY 2006. Totals are expected to exceed \$100,000 annually.

PROPOSERS: Supporters say that the bill as it passed the Senate will provide necessary funds to help balance the state budget for Fiscal Year 2004.

Testifying for the bill was Senator Gross.

OPPOSERS: Those who oppose the bill say that sweeping funds from the Department of Insurance Dedicated Fund could cause the fund to be insolvent, require fees to be increased to replenish the fund, and undermine the oversight of the insurance industry.

Testifying against the bill were the Department of Insurance; and Coventry Health Care Company.

Bill Tucker, Deputy Director of Research